



BUDGET COMMITTEE



Judd Gregg, Ranking Member
<http://budget.senate.gov/republican>

Contact: Betsy Holahan (202)224-6011
Jeff Turcotte (202)224-2574

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**Senator Judd Gregg's Floor Remarks on the Introduction of
The Stop Over-Spending Act of 2007
May 22, 2007
(Unofficial Transcript)**

MR. GREGG: Madam President, I want to rise today to talk specifically about how we get our fiscal house in order as a nation and especially as a government.

Just last week the Congress passed, or at least the Senate passed and the House passed, a proposal for a budget which unfortunately fails the American people dramatically in the area of controlling spending and in the area of good tax policy. The Democratic budget creates a cascade of new spending, hundreds of billions of new spending which will grow the size of the government dramatically and which is, therefore, undisciplined in its approach.

It also proposes tax policy which will radically increase taxes on working Americans and have the effect of stifling what has been an extraordinary economic expansion, which in part has been a function of having a tax policy which understands that if you let people keep their money, they tend to be more productive with those dollars. They tend to go out and take risks and be entrepreneurs and create jobs. As a result, the federal government gets more revenue because the people creating these jobs pay taxes, and we end up with more economic activity.

We've had 22 consecutive quarters of growth and we've created 7.4 million new jobs in this country – and that is a significant step in the right direction towards economic expansion. But all of that is at risk because we as a government continue to spend more than we take in, and we do not have in place the discipline necessary as a government to effectively manage our own house. And this was reflected in the budget that was just passed, regrettably. And, therefore, as we look at the future, we're confronting a cost of the government which is going to radically, radically increase the expenditures of the federal government to a point where our children and our children's children will not be able to afford them.

In fact, in three programs alone -- Medicare, Social Security and Medicaid -- the cost of those programs by the year 2025, because of the retirement of the Baby Boom generation, will actually exceed the amount of money which the federal government has historically

spent as a percent of Gross National Product. And so by about the year 2025, because of the retirement of the Baby Boom generation, three programs -- Social Security, Medicare and Medicaid -- will absorb all the money that historically the federal government has spent, which means there will be no money left over for education, for laying out roads, for environmental protection.

We will be in a position where our children, in order to bear the burden of those three programs, will have to pay a tax rate which will make it impossible for them to afford their own government and will make their lifestyles significantly constrained. The pressure on them will be dramatic because the burden of taxes will exceed their ability to pay them and still maintain a quality of lifestyle, their ability to send their children to college, to buy a house, have a good lifestyle, to have the luxuries which our generation has had will be constrained by the fact that the size of the federal government is growing out of control as a function of the retirement of the Baby Boom generation.

So these two things combine -- the dramatic expansion in entitlement spending and a Democratic budget, which is essentially grossly irresponsible in the area of spending on the discretionary side of the account and in the area of creating debt -- it will add \$2.5 trillion of new debt to the federal government over the five years of this budget -- these two things combined are going to put a lot of pressure on our economy and on the well-being of our nation.

And so a group of us feel very strongly that we need to put in place mechanisms in this government which more effectively discipline the spending of the government. And so I'm introducing today along with 23 colleagues -- and that's a fair number of co-sponsors -- the Stop Over-Spending bill, called S.O.S.

This bill has eight basic elements. I'm not going to go through them all, but I want to highlight the ones that are significant. Basically what this bill does is it puts in place disciplines which allow this Congress, if it desires to do so, and all of these disciplines can be waived by 60-vote points of order basically, but if it desires to do so it can limit the rate of growth of the American government to something that is affordable to the American people.

The most important discipline this bill puts in place is one over the entitlement spending. Right now, we have nothing that controls entitlement spending. This bill says that if entitlement spending reaches a certain level of use of the general funds of the Treasury, and most of these entitlement programs, Social Security and Medicare, are not supposed to be overwhelming burdens on the general fund, the general fund being basic income taxes, not your retirement taxes and your health insurance taxes. If the burden of these programs exceeds a certain level, then there are mechanisms which allow us to take a second look at these programs to try to improve them to make them more cost effective while they continue to deliver quality services.

In addition, this proposal puts in place caps, serious caps on discretionary spending, so that we know that when you hit a certain level of spending, and you're trying to exceed

the amount of money that the federal government should spend, that there will be a 60-vote point of order before that can occur. That's only reasonable. That's only good budgeting. And it's something that we need to have in place.

And unfortunately, the Democratic budget that was just passed here essentially got rid of caps for the year 2009, 2010. It puts them in place for 2008 but that's almost irrelevant because it raises them so high there is no way anybody is going to hit those caps unless they are truly spendthrifts. They basically add \$200 billion in new spending over the next five years and next year they dramatically increase spending through taking things off the budget by declaring them an emergency, such as in the agriculture area, and putting them into the next year through advanced funding, which is total gamesmanship, and actually increasing the spending levels under the discretionary account.

It is a grossly irresponsible cascade of new spending which we see coming at us for next year as a result of this Democratic budget. The Stop Over-Spending Act will try to discipline that in a more effective way, and it's time we did that.

In addition, it puts in place two very aggressive proposals to try to take a look at how we are managing the bigger programs of the federal government. One is a proposal which came from Senator Brownback, which is a bipartisan commission on accountability and federal review. It's basically a BRAC commission for all the federal government. So that if we find programs that are overlapping -- and believe me there are an awful lot of overlapping programs in the federal government -- if we find programs which are just not producing the results they're supposed to produce, or which have served their time, which were supposed to be three-year programs and have been going on for 10, 15 years, we will have a mechanism where those programs can come back to the Congress and be voted up or down. Either they should be in place or shouldn't be in place. The same way we approach the issue of managing the defense spending accounts through BRAC.

There is a second commission put in place which again has an automatic vote by the Congress. It is an attempt to address the most significant issue we have, which is this entitlement spending issue, which was reflected in the chart that I held up earlier. This is a commission which would be bipartisan, which would be members of the Congress and which would essentially say, take a look at these programs -- Social Security and Medicare, specifically. See how we can improve them. See how we can make them work more effectively, see how we can make them affordable for our children. And then in a bipartisan way, with an overwhelming supermajority, so there is no question anybody is being gamed. Everybody will be at the table and nobody will be gamed. Bring those matters, those proposals, back to the Congress and have them voted up or down without amendments so that we know that this commission, when it makes a report, will actually get action from the report.

The problem is we get all these commissions. They all produce wonderful reports. And then we get nothing happening. This commission will have something happen. And that's important. It's a critical element. If we don't get on to this issue here, this issue of out-year mandatory spending, we will be irresponsible as a generation. We're the generation

creating this problem, the Baby Boom generation. We're the generation governing today. Probably 60% of the people in this body are members of the Baby Boom generation, and yet what we're doing is burying our heads in the sand and saying we're going to pass on something which we know is a huge problem, which is going to occur because all the people who are going to create this problem already exist and they're going to retire, we're going to pass that problem on to our children and say, you figure it out. Even though it is the problem we created. That is irresponsible. As people who have obtained the position of governing in this country, we have an absolute responsibility to our children and our children's children and to this nation's fiscal health to address this issue. And this commission is an attempt to do this, this Stop Over-Spending Act is an attempt to do this.

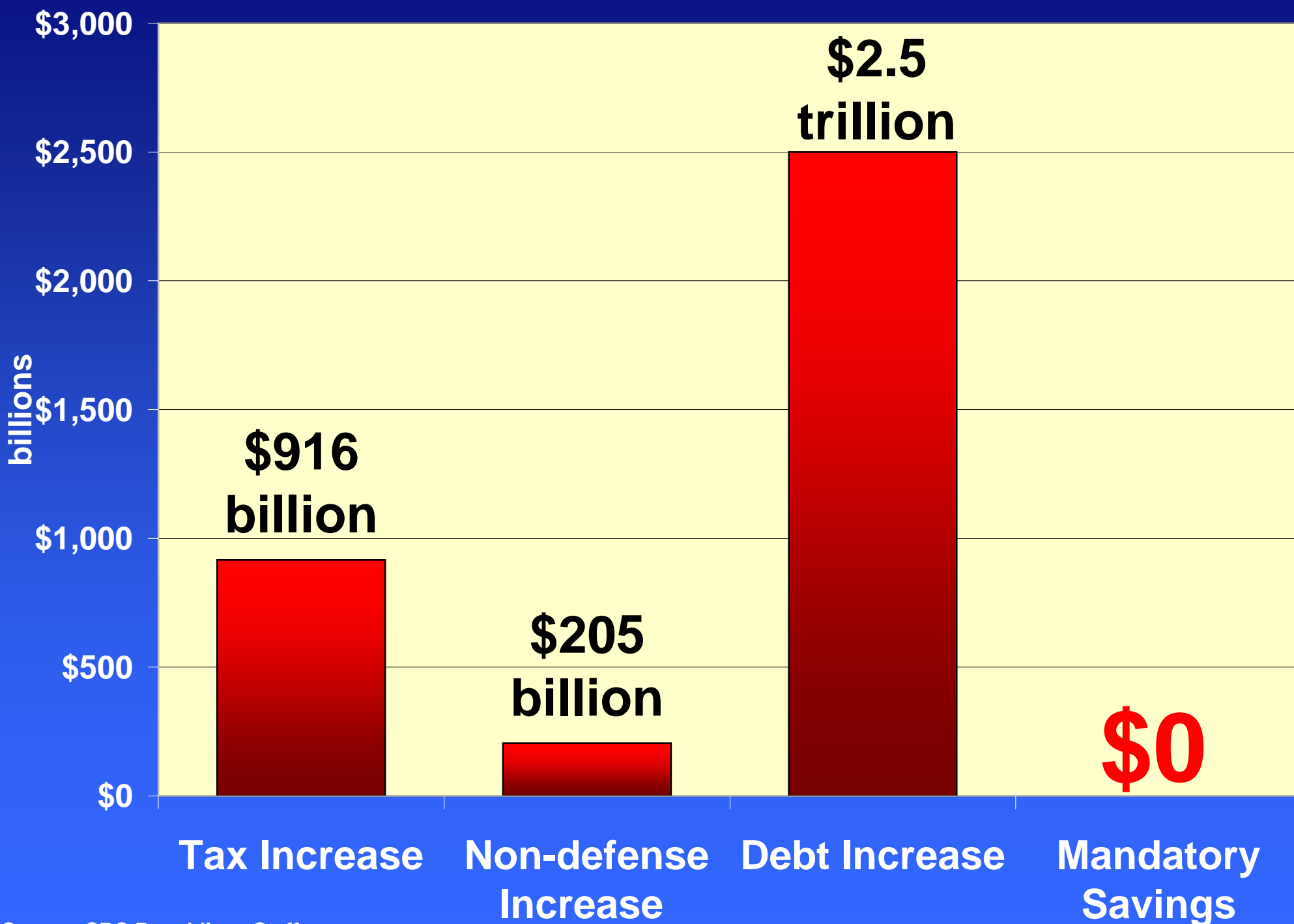
In addition, the proposal includes biennial budgeting, which is something many people think will help us be more efficient in the way we approach the accounts of the federal government. And it changes and reforms a lot of what are the institutional mechanisms around here for the purposes of managing the day-to-day-business of the federal government by putting in place baselines which are appropriate and limitations on the ability to spend money around here under reconciliation, and limitations on the ability to raise taxes arbitrarily on the American people.

So, it is a balanced approach. It has 24 cosponsors. Quite honestly, if just a percentage of these proposals were adopted, we would have some discipline around this place if the area of fiscal policy. We would be back on a path toward making sure that we have a government that people can afford while we still have a government that's delivering the services that people want. That should be our bottom line.

It is an honor to be the primary sponsor of the Stop Over-Spending Act, and I appreciate the support of my colleagues in signing on to this bill, which I hope will be considered, or at least elements will be considered, because we are running out of time.

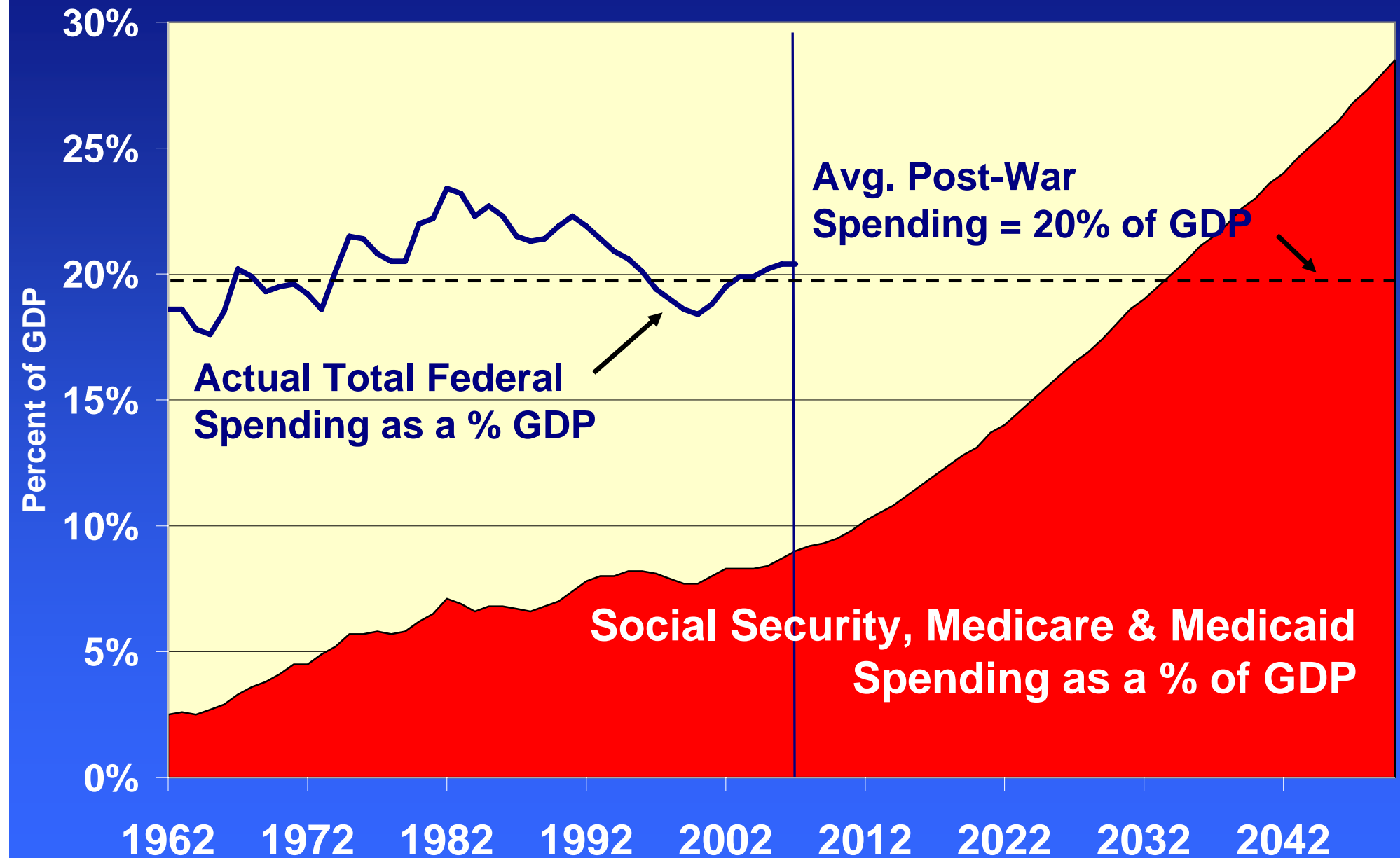
Thank you very much, Madam President. I yield the floor.

DEMOCRAT BUDGET HIGHLIGHTS



Source: SBC Republican Staff

Mandatory Spending Grows Higher Than One Fifth of the Economy





S.O.S.:



STOP OVER-SPENDING ACT OF 2007

SPENDING RESTRAINT - DEFICIT REDUCTION - BUDGET ENFORCEMENT - FISCAL RESPONSIBILITY

- 1. Reinstates Statutory Caps on Discretionary Spending for FY08-10**
- 2. Reduces Deficit as Percentage of GDP Through Automatic Reconciliation Mechanism, Achieving Balanced Budget by 2012**
- 3. Allows Congress a Second Look at Wasteful Spending Via Expedited Rescission Process**
- 4. Creates a New Medicare Trigger in Law**
- 5. Creates Bi-Partisan Commission on Accountability and Review of Federal Agencies**
- 6. Creates Bi-Partisan Commission on Social Security, Medicare and Medicaid Solvency**
- 7. Includes Biennial Budgeting**
- 8. Reforms and Improves Budget Resolution and Reconciliation Processes**